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Garibaldi Lifts Ltd.
ANNUAL REPORT 1975



President's Report to the Shareholders

It is a pleasure to report that the fiscal year, ended December 31st, 1975, was the most successful in the history of your company.

We are in the "people" business, and a recognition of that fact has greatly improved our service to our customers and our performance as a company. Staffing at a resort where work is of a seasonal nature is always difficult. However, our problems have been alleviated, somewhat, by the building of a strong nucleus which has made a major contribution to the improvement of skiing at Whistler, to the improvement of the public attitude towards the company, and to the general development of Garibaldi Lifts Ltd.

I cannot emphasize too highly the important work of our highly experienced, supervisory personnel, and our well trained operating staff, all under the direction of Ski Area Manager, Jack Bright. I extend my personal thanks and that of our Board of Directors to all of them. Their skill and energy are second to none in this industry.

It is through their efforts, that those matters which we can control on the mountain, such as sound maintenance and operation of the lift system, and our vastly improved, doubleshift "snow farming" have reached such a high degree of excellence. An improvement in general attitude, efficiency and appearance, and a positive response from our customers have come about as a result of the smart new blue and green uniforms now worn by mountain personnel. As of December 31st, there were 117 employees on our payroll.

In addition to our own staff, personnel of the ski school, the ski shop and restaurants all contribute towards making our total operation successful. Much

of the attitude of the skiing public towards your company depends on the treatment which they receive at the hands of our staff and that of ancillary operations at the mountain.

Our special thanks, as well to our First Aid Ski Patrol (F.A.S.P.) a dedicated group comprised of eighty members half of whom serve the skiers on Whistler Mountain on alternate weekends and holidays, as do our volunteer medical doctor unit of thirteen doctors.

Turning to operations, our new chairlift, the "Green Chairlift II" was completed on February 13th, 1975. The Mountain is now served by 1 Gondola Lift, 6 Chairlifts and 2 T-Bars with a total loading capacity of 8,698 passengers per hour, and a combined length of 45,294 feet. This provides for a comfortable capacity of 5,000 skiers without undue waiting. Other construction included the rebuilding of the three ski-off ramps at the top of the mountain and the improvements carried out on the Olympic Parking Lot. Total Capital expenditure during fiscal 1975 was \$182,714.

Of increasing significance to Whistler Mountain as an important ski area and to the reputation of Garibaldi Lifts Ltd. is our continuing and extensive program of grooming, both summer and winter. In the past summer, for example, we undertook thorough grooming of the major ski runs, "Upper and Lower Franz's". For winter grooming we now operate five modern Packmaster snow grooming vehicles which pull an array of equipment such as powdermaker, mogul movers, rollers, scarifiers, harrows, rakes, blades, tampers, etc. We also operate two buses between the Valley Station and the Olympic Parking Lot. Our operations Manager, Douglas Mansell, holds a position of considerable responsibility.

During 1975, the area was incorporated as the Resort Municipality of Whistler, and a Council was elected to run the affairs of the Valley. It is our sincere hope that the Council will be able to assist in the further development of Whistler and the provision of badly needed public services.

The sale of our "product," skiing, is highly dependent on a single ingredient over which we have no control, weather. The whole weather spectrum—temperatures, cloud cover, sunshine, precipitation, wind direction and velocity, snow conditions, all determine whether the skiing public will turn out or not. During the first part of the 1975 operating season, from January 1st to May 24th, snow and weather conditions were, on average highly favourable. However, during the second part of the season, November 11th to December 31st, we experienced very poor weather and very little snow, which resulted in a disappointing forty-five day closing period. In spite of this, however, we logged three record-breaking days in 1975.

Gross sales increased by \$448,845 from \$1,738,129 in 1974 to \$2,186,974 in 1975, for an increase of 25.8%. However, due to general increase in costs and expanded operations, operating costs also rose from \$1,231,351 in 1974 to \$1,506,560 in 1975, for an increase of \$275,209 or 22.4%. Net earnings for the year after income taxes were, therefore, \$331,972.

During the year, a 5% dividend was paid on Class "A" and Common Shares, and 2,000 Class "A" Shares were redeemed at \$105.00 per share.

On behalf of the Board of Directors,
 Franz M. Wilhelmsen,
 President

Board of Directors:

B. M. HOFFMEISTER,	Vancouver
H. McLENNAN,	Vancouver
Y. J. MÉNARD,	Montreal
J. A. PARKE,	Calgary
C. G. PENNEY,	Montreal
P. N. THOMSON,	Montreal
C. J. WHITE,	Banff
F. M. WILHELMSSEN,	Vancouver
F. C. WILKINSON,	Vancouver
C. N. WOODWARD,	Vancouver

Officers:

F. M. WILHELMSSEN,	President
J. A. PARKE,	Treasurer
M. G. KING,	Secretary

Transfer Agent—Registrar:

MONTREAL TRUST COMPANY,	Vancouver
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Bankers:

THE ROYAL BANK OF CANADA,	Vancouver
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Solicitors:

DOUGLAS, SYMES & BRISENDEN,	Vancouver
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Auditors:

CAMPBELL, SHARP, NASH & FIELD,	Vancouver
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Garibaldi Lifts Ltd. (Incorporated under the laws of British Columbia)

Assets

	1975	1974
CURRENT ASSETS		
Cash	\$ 302,669	\$ 213,961
Term deposits	125,000	250,000
Accounts receivable	11,860	25,629
Prepaid expenses	<u>6,751</u>	<u>15,682</u>
	446,280	505,272
INVESTMENT, Whistler Mountain Water Works Ltd., at cost	10,403	10,403
PROPERTY, PLANT AND EQUIPMENT, at cost (Note 2)		
Transportation system, buildings and equipment	\$4,451,302	
Accumulated depreciation and amortization	<u>1,451,718</u>	
	2,999,584	
Land	<u>39,029</u>	
	<u>3,038,613</u>	<u>3,111,644</u>
	<u>\$3,495,296</u>	<u>\$3,627,319</u>

Auditors' Report

To the Members, Garibaldi Lifts Ltd., Vancouver, B.C.

We have examined the balance sheet of Garibaldi Lifts Ltd., as at December 31st, 1975 and the statements of retained earnings, earnings and changes in working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered

Balance Sheet as at December 31st, 1975

Liabilities

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 176,365	\$ 275,732
Due to affiliate	4,492	17,319
Deferred revenue	424,902	357,150
Income taxes payable	<u>133,144</u>	<u>122,927</u>
	738,903	773,128

LONG TERM DEBT (Note 3)

Bank loan, prime plus 2% due May 1st, 1977, secured	237,500	475,000
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DEFERRED INCOME TAXES (Note 4)

627,174	541,839
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SHARE CAPITAL (Note 5)

Authorized

10,000 class "A" shares of \$100 par value

15,000 common shares of no par value

Issued

4,400 class "A" shares

\$ 440,000

6,713 common shares

631,300

1,071,300

RETAINED EARNINGS

820,419

1,891,719

1,837,352

\$3,495,296

\$3,627,319

On behalf of the Board

FRANZ M. WILHELMSSEN, Director

JOHN A. PARKE, Director

necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31st, 1975 and the results of its operations and the changes in its working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, Canada.

February 3rd, 1976.

Campbell, Sharp, Nash & Field

Chartered Accountants

File

Garibaldi Lifts Ltd.

Statement of Retained Earnings for the year ended December 31st, 1975

	1975	1974
RETAINED EARNINGS, beginning of year	\$566,052	\$357,083
Net earnings for the year	<u>331,932</u>	<u>240,969</u>
	897,984	598,052
Dividend, common shares	33,565	
Dividend, class "A" shares	32,000	32,000
Premium paid on redemption of 2,000 class "A" shares (Note 5)	10,000	
Special tax on premium paid on redemption of 2,000 class "A" shares	<u>2,000</u>	
RETAINED EARNINGS, end of year	<u>\$820,419</u>	<u>\$566,052</u>

Statement of Earnings for the year ended December 31st, 1975

	1975	1974
REVENUE FROM OPERATIONS	<u>\$2,186,974</u>	<u>\$1,738,129</u>
OPERATING AND ADMINISTRATIVE EXPENSES		
Administration	73,067	71,035
Advertising and promotion	47,534	51,276
Equipment maintenance and operation	285,062	254,720
Interest—current		3,555
—long term debt	52,313	25,080
Legal and audit	16,647	13,161
Salaries, wages and employee benefits	623,268	480,462
Taxes and insurance	88,740	74,766
Utilities	65,528	44,910
Depreciation and amortization	<u>254,401</u>	<u>212,386</u>
	1,506,560	1,231,351
EARNINGS BEFORE TAXES	<u>680,414</u>	<u>506,778</u>
Income taxes		
Current	263,147	133,385
Deferred (Note 4)	<u>85,335</u>	<u>132,424</u>
	348,482	265,809
NET EARNINGS	<u>\$ 331,932</u>	<u>\$ 240,969</u>
PER SHARE—CLASS A	\$ 5.00	\$ 5.00
—COMMON	44.68	31.13

Cover: Recent aerial photograph of Whistler.
Gatefold and Back Cover: Recent painting of the total complex.

Whistler Mountain, B.C.



Statement of Changes in Working Capital for the year ended December 31st, 1975

	1975	1974
WORKING CAPITAL INCREASED BY		
Operations		
Net earnings	\$331,932	\$ 240,969
add: expenses not requiring outlay of working capital in the current period		
depreciation and amortization	254,401	212,386
current year's increase in deferred income taxes	85,335	132,424
loss on disposal of equipment	<u>1,344</u>	<u>364</u>
	673,012	586,143
Sale of property, plant and equipment		3,043
Long term debt increased		<u>475,000</u>
	<u>673,012</u>	<u>1,064,186</u>
WORKING CAPITAL DECREASED BY		
Purchase of property, plant and equipment		
Property improvements	53,901	5,556
Buildings	30,550	77,203
Equipment	98,263	648,845
Payment of term indebtedness	237,500	180,000
Dividends—common shares	33,565	
class "A" shares	32,000	32,000
Redemption of 2,000 class "A" shares	200,000	
Premium on redemption of class "A" shares	10,000	
Special tax on premium paid on redemption of class "A" shares	<u>2,000</u>	
	697,779	943,604
INCREASE (DECREASE) IN WORKING CAPITAL	(24,767)	120,582
WORKING CAPITAL DEFICIENCY, beginning of year	<u>267,856</u>	<u>388,438</u>
WORKING CAPITAL DEFICIENCY, end of year	<u>\$292,623</u>	<u>\$ 267,856</u>

Notes to the Financial Statements December 31st, 1975

1. SIGNIFICANT ACCOUNTING POLICIES

Deferred Revenue

Season pass revenue received prior to December 31st, is allocated twenty-five percent to the current fiscal year and seventy-five percent to the next fiscal year.

Depreciation and deferred income tax policies are explained in Notes 2 and 4 respectively.

2. PROPERTY, PLANT AND EQUIPMENT

Land	\$ 39,029	\$	\$ 39,029	\$ 39,029
Parking lot, roads, and ski runs	269,625	80,269	189,356	149,118
Buildings	820,944	273,748	547,196	560,647
Lifts	3,031,165	885,190	2,145,975	2,233,988
Furniture and equipment	132,711	94,250	38,461	32,579
Automotive equipment	196,857	118,261	78,596	96,283
	\$4,490,331	\$1,451,718	\$3,038,613	\$3,111,644

Depreciation is provided on a straight line basis at the following rates:

Parking lot, road and ski runs	5%
Buildings	5%
Lifts	5%
Furniture and equipment	5%, 10%, 20%
Automotive equipment	15%

The lifts and some buildings are located on leased land. The leases expire in the years 1985 to 1994.

3. LONG TERM DEBT

The term bank loan is secured by a demand debenture in the amount of \$1,000,000 having a fixed and floating charge on all real, moveable and immoveable property and rights of the company.

4. DEFERRED INCOME TAXES

The tax allocation basis is utilized for accounting for income taxes. Capital cost allowance claimed in excess of book depreciation has resulted in current year's deferred tax of \$85,335 being recorded (1974, \$132,424).

5. SHARE CAPITAL

The Class "A" non-voting and non-cumulative shares have special rights and restrictions as set forth in the Articles of Association of the company. Redeemable at a minimum price of \$105 per share, they are preferred as to dividends up to \$5 per share. In the event that dividends are not paid for a period of five consecutive years, the class "A" shares shall have voting rights.

During the year, 2,000 class "A" shares were redeemed at \$105 per share.

6. REMUNERATION

The remuneration of the five highest paid employees, including directors and officers, amounted to \$112,174 (1974, \$88,031).

7. FEDERAL ANTI-INFLATION LEGISLATION

The company is subject to the Federal Anti-Inflation Legislation.

